

**CITY OF LOGAN**

**Logan, Kansas**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**December 31, 2010**

**MAPES & MILLER  
Certified Public Accountants  
Phillipsburg, Kansas 67661**

**CITY OF LOGAN  
Logan, Kansas**

**December 31, 2010**

**City Council**

**James McDonald – President**

**J.T. Plummer**

**Toby Shellito**

**Craig Snider**

**Andrew Noone**

**Max Lowry, Mayor**

**Kristy West, Clerk**

**Linda Toll, Treasurer**

**CITY OF LOGAN  
Logan, Kansas**

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# **MAPES & MILLER**

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## **INDEPENDENT AUDITOR'S REPORT**

**Mayor and City Council  
City of Logan, Kansas 67646**

We have audited the accompanying financial statements of the City of Logan, Kansas, as of and for the year ended December 31, 2010, which collectively comprise the basic financial statements of the City's primary government, as listed in the table of contents. These financial statements are the responsibility of the City of Logan, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the City of Logan, Kansas has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Mayor and City Council  
Logan, Kansas  
September 26, 2011  
Page Two

In our opinion, because of the omission of the component units, as discussed above, and because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2010, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the primary government of the City of Logan, Kansas, as of December 31, 2010, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of the City of Logan, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports and other federal and state agencies to whose jurisdiction the City is subject, and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City Council, is a matter of public record.

Respectfully submitted,

*Mapes & Miller CPAs*  
Certified Public Accountants

September 26, 2011  
Phillipsburg, Kansas

CITY OF LOGAN  
Logan, Kansas

Statement 1

SUMMARY OF CASH RECEIPTS, EXPENDITURES, AND UNENCUMBERED CASH  
For the Year Ended December 31, 2010

FUNDS	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>Governmental Type Funds:</b>							
General Fund							
General Operating Fund	\$ 96,867	\$ -	\$ 296,868	\$ 306,863	\$ 86,872	\$ 6,612	\$ 93,484
Special Revenue Funds							
Community Building Fund	(50)	-	10,511	9,082	1,379	537	1,916
Library Fund	110	-	8,405	7,200	1,315	-	1,315
Special City Highway Fund	408	-	14,220	4,157	10,471	-	10,471
Employee Benefits Fund	(1,588)	-	39,727	32,457	5,682	-	5,682
Equipment Reserve Fund	26,946	-	12,000	-	38,946	-	38,946
Gifts & Grants Fund	29,168	-	51,705	17,381	63,492	-	63,492
Capital Projects Fund							
Capital Improvements Fund	1,908	-	-	-	1,908	-	1,908
<b>Proprietary Type Funds:</b>							
Enterprise Funds							
Water Fund	(250)	-	106,931	98,653	8,028	1,314	9,342
Water Debt Fund	2,552	-	38,000	22,448	18,104	-	18,104
Sewer Rental Fund	198	-	65,003	57,385	7,816	403	8,219
Sewer Debt Fund	126	-	28,555	16,555	12,126	-	12,126
Meter Deposits Fund	24	1,058	5	1,087	-	-	-
<b>Fiduciary Type Funds</b>							
Private Purpose Trust Funds							
Veterans Memorial Fund	299	-	-	-	299	-	299
<b>Totals (Excluding Agency Funds)</b>	<b>\$ 156,718</b>	<b>\$ 1,058</b>	<b>\$ 671,930</b>	<b>\$ 573,268</b>	<b>\$ 256,438</b>	<b>\$ 8,866</b>	<b>\$ 265,304</b>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN  
Logan, Kansas**

**Statement 1  
(Cont.)**

**COMPOSITION OF CASH  
For the Year Ended December 31, 2010**

	<u>Ending Cash Balance</u>
Cash on Hand	\$ 200
First National Bank - Logan, Kansas	
Checking Account	299
NOW Account	20,125
Savings Accounts	2,402
Certificates of Deposit	91,753
Farmers National Bank - Logan, Kansas	
Checking Account	51,242
Savings Accounts	<u>99,283</u>
Total Primary Government	<u><u>\$ 265,304</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF LOGAN  
Logan, Kansas

Statement 2

**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**(Budgeted Funds Only)**  
**For the Year Ended December 31, 2010**

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
<b>Governmental Type Funds:</b>					
General Fund					
General Operating Fund	\$ 350,475	\$ -	\$ 350,475	\$ 306,863	\$ (43,612)
Special Revenue Funds					
Community Building Fund	9,000	-	9,000	9,082	82
Library Fund	8,397	-	8,397	7,200	(1,197)
Special City Highway Fund	20,347	-	20,347	4,157	(16,190)
Employee Benefits Fund	40,000	-	40,000	32,457	(7,543)
<b>Proprietary Type Funds:</b>					
Enterprise Funds					
Water Fund	120,181	-	120,181	98,653	(21,528)
Water Debt Fund	48,103	-	48,103	22,448	(25,655)
Sewer Rental Fund	85,923	-	85,923	57,385	(28,538)
Sewer Debt Fund	33,571	-	33,571	16,555	(17,016)

The notes to the financial statements are an integral part of this statement.



**CITY OF LOGAN**  
Logan, Kansas

Statement 3

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**

For the Year Ended December 31, 2010

**GENERAL OPERATING FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Taxes			
Ad Valorem Tax	\$ 102,854	\$ 104,514	\$ (1,660)
Delinquent Tax	1,370	-	1,370
Motor Vehicle Tax	28,300	25,489	2,811
Recreational Vehicle Tax	727	626	101
16/20M Vehicle Tax	698	568	130
Intangibles Tax	64,190	64,164	26
Local Alcoholic Liquor Tax	212	452	(240)
Licenses, Permits, Fines & Bonds	7,217	1,000	6,217
Franchise Fees	17,541	16,000	1,541
Rent	2,575	2,000	575
Cemetery	2,335	1,000	1,335
Trash Collection	58,124	-	58,124
Street Light	1,569	-	1,569
Pool Receipts	4,283	4,000	283
Charges for Services	-	40,000	(40,000)
Donations	50	-	50
Interest Income	2,323	3,500	(1,177)
Miscellaneous	2,305	6,757	(4,452)
Reimbursements	195	-	195
<b>Total Cash Receipts</b>	<b>296,868</b>	<b>\$ 270,070</b>	<b>\$ 26,798</b>
<b>EXPENDITURES</b>			
General Government	60,215	\$ 63,728	\$ (3,513)
Street Department			
Street Repairs	20,961	32,192	(11,231)
Street Lights	16,077	17,000	(923)
Shop Building	10,172	9,500	672
Fire Protection	4,208	9,000	(4,792)
Park and Lake	13,332	19,000	(5,668)
Refuse Collection	54,072	55,000	(928)
Swimming Pool	23,850	25,235	(1,385)
Cemetery	14,479	12,000	2,479
Youth Center	1,967	3,000	(1,033)
Police Department	18,000	18,000	-
Audit	5,975	4,000	1,975
Library Maintenance	3,407	4,000	(593)

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**GENERAL OPERATING FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>EXPENDITURES (Cont.)</b>			
Debt Service			
Principal	\$ 24,987	\$ -	\$ 24,987
Interest	12,762	-	12,762
Service Fees	1,254	-	1,254
Water Tower	1,145	5,000	(3,855)
Street Reoil	-	3,169	(3,169)
Mapping Project	-	2,222	(2,222)
Logan Manor Nursing Home	10,000	10,000	-
Outgoing Transfers			
Equipment Reserve Fund	10,000	20,000	(10,000)
Capital Improvements Fund	-	38,429	(38,429)
	<u>306,863</u>	<u>\$ 350,475</u>	<u>\$ (43,612)</u>
 Total Expenditures			
	<u>306,863</u>	<u>\$ 350,475</u>	<u>\$ (43,612)</u>
 Cash Receipts Over (Under) Expenditures	(9,995)		
 UNENCUMBERED CASH, January 1, 2010	<u>96,867</u>		
 UNENCUMBERED CASH, December 31, 2010	<u>\$ 86,872</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**COMMUNITY BUILDING FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes			
Ad Valorem Tax	\$ 7,709	\$ 7,827	\$ (118)
Delinquent Tax	74	-	74
Motor Vehicle Tax	600	-	600
Recreational Vehicle Tax	23	-	23
16/20M Vehicle Tax	95	-	95
Hall Rent	<u>2,010</u>	<u>1,000</u>	<u>1,010</u>
Total Cash Receipts	<u>10,511</u>	<u>\$ 8,827</u>	<u>\$ 1,684</u>
<b>EXPENDITURES</b>			
Personal Services	1,986	\$ -	\$ 1,986
Maintenance	495	9,000	(8,505)
Utilities	3,176	-	3,176
Supplies	682	-	682
Trash Service	743	-	743
Miscellaneous	-	-	-
Outgoing Transfer			
Equipment Reserve Fund	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total Expenditures	<u>9,082</u>	<u>\$ 9,000</u>	<u>\$ 82</u>
Cash Receipts Over (Under) Expenditures	1,429		
UNENCUMBERED CASH, January 1, 2010	<u>(50)</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 1,379</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**LIBRARY FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes			
Ad Valorem Tax	\$ 6,503	\$ 6,608	\$ (105)
Delinquent Tax	84	-	84
Motor Vehicle Tax	1,733	1,573	160
Recreational Vehicle Tax	44	39	5
16/20M Vehicle Tax	41	35	6
Total Cash Receipts	<u>8,405</u>	<u>\$ 8,255</u>	<u>\$ 150</u>
<b>EXPENDITURES</b>			
Appropriation	<u>7,200</u>	<u>\$ 8,397</u>	<u>\$ (1,197)</u>
Cash Receipts Over (Under) Expenditures	1,205		
UNENCUMBERED CASH, January 1, 2010	<u>110</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 1,315</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
**Logan, Kansas**

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**For the Year Ended December 31, 2010**

**SPECIAL CITY HIGHWAY FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
State Aid	\$ 14,220	\$ 15,510	\$ (1,290)
<b>EXPENDITURES</b>			
Maintenance	712	\$ 20,347	\$ (19,635)
Supplies	2,545	-	2,545
Fuel	900	-	900
Total Expenditures	<u>4,157</u>	<u>\$ 20,347</u>	<u>\$ (16,190)</u>
Cash Receipts Over (Under) Expenditures	10,063		
UNENCUMBERED CASH, January 1, 2010	<u>408</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 10,471</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
**Logan, Kansas**

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**For the Year Ended December 31, 2010**

**EMPLOYEE BENEFITS FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Taxes			
Ad Valorem Tax	\$ 29,580	\$ 30,063	\$ (483)
Delinquent Tax	429	-	429
Motor Vehicle Tax	9,263	8,412	851
Recreational Vehicle Tax	237	207	30
16/20M Vehicle Tax	218	188	30
Total Cash Receipts	<u>39,727</u>	<u>\$ 38,870</u>	<u>\$ 857</u>
<b>EXPENDITURES</b>			
Personal Services	<u>32,457</u>	<u>\$ 40,000</u>	<u>\$ (7,543)</u>
Cash Receipts Over (Under) Expenditures	7,270		
UNENCUMBERED CASH, January 1, 2010	<u>(1,588)</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 5,682</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN  
Logan, Kansas**

**Statement 3  
(Cont.)**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2010**

**EQUIPMENT RESERVE FUND**

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Incoming Transfers	
General Fund	\$ 10,000
Community Building Fund	<u>2,000</u>
Total Cash Receipts	<u>12,000</u>
<b>EXPENDITURES</b>	<u>-</u>
Cash Receipts Over (Under) Expenditures	12,000
UNENCUMBERED CASH, January 1, 2010	<u>26,946</u>
UNENCUMBERED CASH, December 31, 2010	<u><u>\$ 38,946</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
**Logan, Kansas**

**Statement 3**  
**(Cont.)**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**For the Year Ended December 31, 2010**

**GIFTS & GRANTS FUND**

	<u>Grants and Donations Fund</u>	<u>Patterson Grant Fund</u>	<u>Total</u>
<b>CASH RECEIPTS</b>			
Grants and Donations	<u>\$      48,705</u>	<u>\$       3,000</u>	<u>\$      51,705</u>
<b>EXPENDITURES</b>			
Capital Outlay	<u>      17,381</u>	<u>              -</u>	<u>      17,381</u>
Cash Receipts Over (Under) Expenditures	31,324	3,000	34,324
UNENCUMBERED CASH, January 1, 2010	<u>      19,918</u>	<u>       9,250</u>	<u>      29,168</u>
UNENCUMBERED CASH, December 31, 2010	<u><u>      51,242</u></u>	<u><u>      12,250</u></u>	<u><u>      63,492</u></u>

The notes to the financial statements are an integral part of this statement.



**CITY OF LOGAN**  
**Logan, Kansas**

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
**For the Year Ended December 31, 2010**

**CAPITAL IMPROVEMENTS FUND**

	<u>Actual</u>	<u>Budget *</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ (15,000)</u>
<b>EXPENDITURES</b>	<u>-</u>	<u>\$ 16,908</u>	<u>\$ (16,908)</u>
Cash Receipts Over (Under) Expenditures	-		
UNENCUMBERED CASH, January 1, 2010	<u>1,908</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 1,908</u>		

\* Capital Improvements Funds are not required by statute to be budgeted. This budget is for informational purposes only.

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**WATER FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Collections	\$ 105,844	\$ 115,000	\$ (9,156)
Miscellaneous	-	500	(500)
Incoming Transfer			
Meter Deposits Fund	<u>1,087</u>	<u>-</u>	<u>1,087</u>
Total Cash Receipts	<u>106,931</u>	<u>\$ 115,500</u>	<u>\$ (8,569)</u>
<b>EXPENDITURES</b>			
Personal Services	26,732	\$ -	\$ 26,732
Operations	33,921	75,181	(41,260)
Outgoing Transfer			
Water Debt Fund	<u>38,000</u>	<u>45,000</u>	<u>(7,000)</u>
Total Expenditures	<u>98,653</u>	<u>\$ 120,181</u>	<u>\$ (21,528)</u>
Cash Receipts Over (Under) Expenditures	8,278		
UNENCUMBERED CASH, January 1, 2010	<u>(250)</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 8,028</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**WATER DEBT FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Incoming Transfer			
Water Fund	\$ 38,000	\$ 45,000	\$ (7,000)
<b>EXPENDITURES</b>			
Principal	14,750	\$ 29,208	\$ (14,458)
Interest	7,031	15,689	(8,658)
Service Fees	667	-	667
Reserve	-	3,206	(3,206)
Total Expenditures	<u>22,448</u>	<u>\$ 48,103</u>	<u>\$ (25,655)</u>
Cash Receipts Over (Under) Expenditures	15,552		
UNENCUMBERED CASH, January 1, 2010	<u>2,552</u>		
UNENCUMBERED CASH, December 31, 2010	<u>\$ 18,104</u>		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**SEWER RENTAL FUND**

	Actual	Budget	Variance Over (Under)
<b>CASH RECEIPTS</b>			
Collections	\$ 65,003	\$ 79,000	\$ (13,997)
<b>EXPENDITURES</b>			
Personal Services	13,557	\$ -	\$ 13,557
Operations	15,273	52,623	(37,350)
Outgoing Transfer			
Sewer Debt Fund	28,555	33,300	(4,745)
Total Expenditures	57,385	\$ 85,923	\$ (28,538)
Cash Receipts Over (Under) Expenditures	7,618		
UNENCUMBERED CASH, January 1, 2010	198		
UNENCUMBERED CASH, December 31, 2010	\$ 7,816		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN**  
Logan, Kansas

Statement 3  
(Cont.)

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2010

**SEWER DEBT FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>CASH RECEIPTS</b>			
Incoming Transfer			
Sewer Rental Fund	\$ 28,555	\$ 33,300	\$ (4,745)
<b>EXPENDITURES</b>			
Principal	10,670	\$ 21,199	\$ (10,529)
Interest	5,336	11,911	(6,575)
Service Fees	549	461	88
Total Expenditures	16,555	\$ 33,571	\$ (17,016)
Cash Receipts Over (Under) Expenditures	12,000		
UNENCUMBERED CASH, January 1, 2010	126		
UNENCUMBERED CASH, December 31, 2010	\$ 12,126		

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN  
Logan, Kansas**

**Statement 3  
(Cont.)**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2010**

**METER DEPOSITS FUND**

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Interest Income	<u>\$ 5</u>
<b>EXPENDITURES</b>	
Outgoing Transfer Water Fund	<u>1,087</u>
Cash Receipts Over (Under) Expenditures	(1,082)
UNENCUMBERED CASH, January 1, 2010	24
Prior Year Cancelled Encumbrances	<u>1,058</u>
UNENCUMBERED CASH, December 31, 2010	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

**CITY OF LOGAN  
Logan, Kansas**

**Statement 3  
(Cont.)**

**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
For the Year Ended December 31, 2010**

**VETERANS MEMORIAL FUND**

	<u>Actual</u>
<b>CASH RECEIPTS</b>	<b>\$ -</b>
<b>EXPENDITURES</b>	<b>-</b>
<b>Cash Receipts Over (Under) Expenditures</b>	<b>-</b>
<b>UNENCUMBERED CASH, January 1, 2010</b>	<b><u>299</u></b>
<b>UNENCUMBERED CASH, December 31, 2010</b>	<b><u><u>\$ 299</u></u></b>

**The notes to the financial statements are an integral part of this statement.**

**CITY OF LOGAN**  
**Logan, Kansas**

**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The City of Logan, Kansas, the primary government, was incorporated on April 19, 1880, and operates as a third class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, water, sewer, sanitation, health and social services, culture and recreation services, planning and zoning, public improvements, and general administrative services.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Housing Authority and Library Board are component units of the City. Financial information for the component units have not been reported in the City's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with generally accepted accounting principles.

The following component units of the City are not presented in the financial statements:

**Logan Public Library**-The Logan Library Board operates the City's Public Library. Acquisition or disposition of real property by the board must be approved by the City. The City levies taxes for the Library. Bond issuances must be approved by the City. Upon request, separate financial statements are available at the Logan Public Library, 109 W Main, Logan, Kansas, 67646.

**Logan Housing Authority**-The Logan Housing Authority Board operates the City's housing projects. The housing authority can sue and be sued, and can buy, sell, or lease real property. Bond issuance must be approved by the City. Upon request, separate financial statements are available at the Logan Housing Authority, 307 W Main, Logan, Kansas 67646.

**Logan Manor**-The Logan Manor Board operates the City's adult care facility. The City Council appoints members to the Board of Trustees of the manor. Upon request, separate audited financial statements are available at the Logan Manor, 108 S Adams Street, Logan, Kansas 67646.



**Hansen Memorial Plaza** – The Hansen Memorial Plaza operates the Plaza. The City Council appoints members to the board of the Plaza. Upon request, separate audited financial statements are available at the Hansen Memorial Plaza at 110 West Main Street, Logan, Kansas.

## **FUND ACCOUNTING**

The accounts of the City are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are classified into three categories: governmental, proprietary, and fiduciary. Within each of these three categories there are one or more fund types. The City uses the following fund types:

### **Governmental Type Funds**

**General Fund** - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specified purposes only.

**Capital Projects Funds** - The capital projects funds are used to account for all financial resources segregated for the acquisition of major capital facilities (other than those financed by enterprise funds.)

### **Proprietary Type Funds**

**Enterprise Funds** - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

### **Fiduciary Type Funds**

**Private Purpose Trust Funds** – Private Purpose Trust Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Private purpose trust funds are used to report trust agreements where both the principal and interest are used to benefit individuals, private organizations and other governmental units.

## **BASIS OF ACCOUNTING**

**Statutory Basis of Accounting** - The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

**Departure from Accounting Principles Generally Accepted in the United States of America-** The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

## **LEAVE POLICIES**

### **Vacation Pay**

Vacation pay is a liability of the employer to the employee. Each employee who has worked at least one year but less than five years receives twelve days paid vacation per year. An employee who has worked five years but less than ten years receives fifteen days paid vacation per year. For every five years worked after ten years the employee receives an additional three days vacation. Employees may carry over a maximum of five days of their vacation time from one year to the next and authorized accrued leave will be payable upon termination in good standing.

### **Sick Pay**

Sick leave is an accumulated liability of the employer to the employee. Each full-time employee is credited with twelve days sick leave as of the first day of employment and on each anniversary date. Sick leave can be accumulated up to sixty days and is payable up to one-half the number of days accrued upon termination in good standing.

The cost of accumulated vacation and sick pay as of December 31, 2010 was estimated to be \$9,709 for the City of Logan, Kansas. This total liability is included in the compensated absences line in Note 12.

## **REIMBURSEMENTS**

Reimbursements are defined as repayments of amounts remitted on behalf of another party. All reimbursements shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursement was directly tied to the amount of the original cash disbursement.

## **2. BUDGETARY INFORMATION**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
2. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice hearing.
4. Adoption of the final budget on or before August 25<sup>th</sup>.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2010.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following:

Equipment Reserve Fund  
Gifts & Grants Fund  
Meter Deposit Fund

Spending in funds which are not subject to the legal annual operating budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

### **3. PROPERTY TAXES**

Property taxes are levied November 1<sup>st</sup> of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due ½ on December 20<sup>th</sup> and ½ the following May 10<sup>th</sup>. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the City and therefore are not susceptible to accrual.

It is not practical to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

### **4. COMPLIANCE WITH KANSAS STATUTES**

#### **(1) Budgetary Compliance**

K.S.A. 79-2935 requires expenditures to be controlled so that no indebtedness is created in excess of budgeted limits. The Community Building Fund exceeded the budgeted amount for expenditures during the year ended December 31, 2010, violating K.S.A. 79-2935.

#### **(2) Unclaimed Property**

K.S.A. 58-3934 et seq. require unclaimed property be disposed of properly and required reports be filed with the state treasurer. The City had unclaimed meter deposits that were not reported to the State Treasurer.

(3) The City is not aware of any other noncompliance with Kansas Statutes.

### **5. DEFINED CONTRIBUTION PLAN**

The City of Logan provides pension benefits for all its full time employees through 401(a) Money Purchase Pension Plan established by the City of Logan, Kansas. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All employees who work 1,000 hours or more per year will be eligible for the plan on the first day of the month following the date on which they have both completed one year of service and attained age eighteen.

The employer contribution is required to be 4.00 percent of an employee's annual salary. The employee is required to contribute 3.00 percent of their annual salary. This contribution is generally made each pay period.

The employer is also required to contribute for past service for each employee and that contribution will be equal to 7.00 percent of an employee's annual salary on the effective date of the plan multiplied by the number of completed years of continuous service between the time the employee attained age eighteen and completed one year of service and the effective date of the plan.

The employer's past service contribution will be amortized in equal monthly installments from the effective date of the plan to the employee's normal retirement date. The employer is also contributing 2.30 percent of the pension contribution for a disability waiver.

The City's contributions for each employee are vested at 20.00 percent after three years and then increase at the rate of 20.00 percent per year until the employee is 100.00 percent vested after seven years of service. Pension records for the City of Logan, Kansas are not maintained separately from the records of Logan Community Health Services, therefore, information for the City of Logan, Kansas for covered pension payroll, employer and employee required contributions are not available.

## **6. DEPOSITS AND INVESTMENTS**

### **Deposits**

As of December 31, 2010, the City of Logan had no investments, other than certificates of deposit, which are considered deposits under GASB Statements No. 3. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located or in an adjoining County, if such an institution has been designated as an official depository and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

### **Concentration of Credit Risk**

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

### Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during the designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2010.

At December 31, 2010, the City's carrying amount of deposits was \$265,104 and the bank balance was \$266,342. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance \$266,342 was covered by federal depository insurance.

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

## **7. INTERFUND TRANSFERS**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Operating Fund	Equipment Reserve Fund	K.S.A. 12-1,117	\$ 10,000
Community Building Fund	Equipment Reserve Fund	K.S.A. 12-1,117	2,000
Water Fund	Water Debt Fund	K.S.A. 12-825d	38,000
Sewer Rental Fund	Sewer Debt Fund	K.S.A. 12-825d	28,555

Equity transfers were as follows:

From	To	Statutory Authority	Amount
Meter Deposit Fund	Water Fund	K.S.A. 12-822	1,087

## **8. OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. As of December 31, 2010, the City had no retirees participating in the group health insurance plan.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage.

The American Recovery and Reinvestment Act of 2009 (ARRA), as amended, provides for premium reductions for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA. The premium assistance is also available for continuation coverage under certain State laws. "Assistance Eligible Individuals" pay only 35% of their COBRA premiums; the remaining 65% is reimbursed to the coverage provider through a tax credit. The premium reduction applies to periods of health coverage that began on or after February 17, 2009 and lasts for up to fifteen months.

## **9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters for which the City purchases commercial insurance.

During the year ended December 31, 2010, the City did not reduce insurance coverage from levels in place during the prior year. No settlements have exceeded coverage levels in place during the past three fiscal years.

## **10. RELATED PARTIES**

The Mayor of the City owns the insurance company that obtains insurance coverage for the City. In 2010, the City paid \$10,610 to the insurance company. As of December 31, 2010, the City did not owe the insurance company for any other insurance costs. During 2011, the City continued to receive insurance coverage from this company.

## 12. LONG-TERM DEBT

Changes in long-term liabilities for the City for the year ended December 31, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Beginning Balance 1/1/2010	Additions	Reductions/ Payments	Net Change	Ending Balance 12/31/2010	Interest/ Service Fees Paid
<b>KDHE Loans</b>										
Kansas Public Water Supply	4.04%	04/15/99	\$ 650,000	8/1/2020	\$ 395,560	\$ -	\$ 29,208	\$ -	\$ 366,352	\$ 15,689
Kansas Water Pollution Control	2.68%	05/11/05	540,837	9/1/2026	449,718	-	21,199	-	428,519	11,911
<b>Total KDHE Loans</b>			<b>1,190,837</b>		<b>845,278</b>	<b>-</b>	<b>50,407</b>	<b>-</b>	<b>794,871</b>	<b>27,600</b>
<b>Compensated Absences</b>										
Accrued Vacation Leave			-		4,558	-	-	(888)	3,670	-
Accrued Sick Leave			-		5,131	-	-	908	6,039	-
<b>Total Compensated Absences</b>			<b>-</b>		<b>9,689</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>9,709</b>	<b>-</b>
<b>Total Long-Term Debt</b>			<b>\$ 1,190,837</b>		<b>\$ 854,967</b>	<b>\$ -</b>	<b>\$ 50,407</b>	<b>\$ 20</b>	<b>\$ 804,580</b>	<b>\$ 27,600</b>

N/A = Not Applicable

Current maturities of long-term debt and interest of the next five years and in five year increments through maturity are as follows.

Year	KDHE Loans	
	Principal	Interest
2011	\$ 52,170	\$ 25,836
2012	53,998	24,008
2013	55,893	22,114
2014	57,856	20,150
2015	59,891	18,116
2016	332,676	57,355
2021-2025	149,931	15,620
2026	32,456	654
	<b>\$ 794,871</b>	<b>\$ 183,853</b>